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Review of the efficiency of the administrative and financial functioning of the United Nations

Third progress report on the accountability system in the United Nations Secretariat

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the third progress report of the Secretary-General on the accountability system in the United Nations Secretariat (A/68/697). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification, concluding with written responses received on 18 February 2014.

2. In his third progress report, the Secretary-General provides information on the following aspects of the accountability system: (a) International Public Sector Accounting Standards and Umoja; (b) results-based management; (c) enterprise risk management; and (d) other initiatives to strengthen accountability.

II. International Public Sector Accounting Standards and Umoja

3. In his report, the Secretary-General states that the implementation of the International Public Sector Accounting Standards and Umoja is strengthening the accountability of the Organization in the areas of results and performance, governance and oversight and better management and administration. The two business transformation initiatives are expected to increase the availability of timely and complete information, thereby enabling faster decision-making and providing for better service delivery through improved planning and implementation of activities and better measurement of results (see A/68/697, para. 15).

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4. The Secretary-General indicates that the adoption of the International Public Sector Accounting Standards will strengthen accountability through better performance analysis and management and improved governance and oversight, including by introducing accrual accounting, which requires more financial transactions to be recognized or disclosed, and by instituting annual, instead of biennial, financial reporting. The Secretary-General states that Umoja will enhance accountability and transparency, including through more integrated management processes, increased transparency and more effective risk management, consistent interpretation and application of all regulations, a cohesive and fully integrated information and communications technology strategy, and improved audit processes (ibid., paras. 16-19). **The Advisory Committee notes that the International Public Sector Accounting Standards and Umoja are expected to bring about transformational change to the functioning of the Organization, and intends to assess their effect on enhanced accountability and transparency in future reports.**

III. Results-based management

5. In paragraphs 5 and 6 of its resolution 67/253, the General Assembly requested the Secretary-General to start implementing the results-based management framework in a phased manner, including by developing an action plan, and also requested him to refine the framework by taking into account related lessons learned, the shift in focus of the Organization from the delivery of outputs to the delivery of results, and the views of relevant bodies.

6. In paragraph 21 of his report, the Secretary-General indicates that a working group on results-based management was convened to devise the means of fulfilling those requests. He also states that, while the Secretariat will make every effort to implement the recommendations according to a phased approach, some of the recommendations will require additional resources. For that reason, the proposed time frame for implementation is two consecutive bienniums, namely, 2014-2015 and 2016-2017.

7. Paragraph 22 of the report contains the findings and recommendations of the working group, including the following:

(a) The Secretary-General should lead a high-level advocacy and outreach campaign to emphasize to senior managers and staff the need for the Organization to focus more on the achievement of clearly defined results;

(b) The Management Performance Board should emphasize the joint assessment of institutional performance and the performance of individual senior managers;

(c) Training courses should be organized on the preparation of logical frameworks tailor-made to individual departments and offices, as well as on programme monitoring and reporting in the Secretariat and on evaluation methodologies and techniques;

(d) Guidelines and training on results-based management should be developed, as well as a results-based management manual and an e-learning tool on results-based management.

8. In paragraphs 24 to 29 of the report, the lessons learned in the implementation of results-based management are described, including the need for resources, the difficulty of promoting a system of incentives in the Organization and the need for training at all levels for senior management and staff. In paragraphs 30 to 35, the Secretary-General indicates that the key challenges, such as embedding and institutionalizing results-based management and building a culture of results, are organizational and behavioural, rather than technical. **The Advisory Committee looks forward to reviewing the results of the implementation of the working group's recommendations.**

IV. Enterprise risk management

9. In paragraphs 40 to 45, the Secretary-General indicates that the enterprise risk management function has focused on the implementation of the first Secretariat-wide risk assessment, including the identification of preliminary risk areas, prioritization of the risk areas initially identified and definition of potential risk response strategies. The preliminary results of the assessment will be presented to the Management Committee in the first quarter of 2014. After the Committee has arrived at a common understanding of the risks and their criticality, the responsible managers in the different areas of the Organization will define comprehensive risk treatment and response plans. The enterprise risk management function will monitor progress and periodically report to the Committee.

10. The Advisory Committee notes that, in his report on progress in the implementation of the organizational resilience management system, the Secretary-General states that an interdepartmental and inter-agency working group was established, which produced an operational risk management model for emergency management, based on the security risk management model. The model was adapted for application to wider emergency management. The framework outlines the governance mechanism, key definitions, stakeholders, the operational risk model and workflow and the risk treatment plan (see A/68/715, paras. 23 and 24). **The Committee notes that, in the implementation of the organizational resilience management system, an operational risk management model for emergency management has been developed, which could provide an example for enterprise risk management.**

V. Strengthening accountability

A. Senior managers' compacts

11. In his third progress report (A/68/697), the Secretary-General indicates that the Management Performance Board streamlined the 2014 senior managers' compact template by focusing on the top five programmatic priorities of each senior manager and the Umoja and International Public Sector Accounting Standards projects. The Board also limited the categories of standard managerial indicators to those related to human and financial resources management and the implementation of oversight body recommendations. The changes would shift focus to a more strategic, results-oriented approach. The Board also decided to add one new human resources management indicator related to the Performance Management and Development

System, and intended to conduct a mid-year review of senior managers' progress towards meeting the targets in their compacts. The report also indicates that senior managers' performance on the standard managerial indicators in the compacts continues to be mixed. For example, satisfactory performance on the indicator related to recruiting female staff in all categories improved from 76 per cent in 2011 to 87 per cent in 2012 but declined from 38 per cent in 2011 to 27 per cent in 2012 on the indicator related to recruiting female staff at the P-5/D-1/D-2 categories (ibid., paras. 49 to 52).

12. By paragraph 9 of its resolution 67/253, the General Assembly requested the Secretary-General to consider placing the compacts in the public domain. Paragraph 56 of the report explains that, in order to balance the competing demands for transparency on the one hand and the complex managerial dimensions on the other, the Management Performance Board recommended, and the Secretary-General agreed, to maintain the current practice of publishing the compacts and performance assessments of senior managers on the intranet of the Secretariat (iSeek) but not on its external website.

13. In paragraphs 59 and 60 of his report, the Secretary-General indicates that current reforms to the performance management system focus primarily on strengthening the role of senior management, dealing effectively with underperformance and recognizing and awarding high performance. In this regard, a draft awards and recognition paper has been developed by the Staff Management Committee Working Group on Performance Management and Development. It is based on the experience of a broad range of organizations that have been successful in recognizing and awarding strong performance and is primarily intended to foster a culture of appreciation.

14. **The Advisory Committee recalls its previous observations that the senior managers' compacts are an instrument for accountability and reiterates that senior managers have a special responsibility to set the appropriate tone and to model exemplary conduct for the staff in their respective areas (see A/67/776, para. 24). In particular, senior managers and heads of departments are responsible for accurately reflecting organizational mandates and for ensuring that such mandates are implemented throughout their departments. The Committee further expects that the mixed performance by senior managers on the standard managerial indicators in the compacts will be addressed, and looks forward to reviewing the matter in the context of its upcoming report on human resources management.**

B. Accountability in field missions

15. With respect to managerial and personal accountability in field missions, the Secretary-General states that the Organization has implemented the integrated conduct and discipline framework, with a particular focus on the strengthened programme of action for sexual exploitation and abuse (see A/68/697, para. 68). **The Advisory Committee emphasizes the importance of full implementation of the zero-tolerance policy of the Organization against sexual exploitation or abuse.** The Committee will make further observations in that regard in the context of its next report on cross-cutting issues related to peacekeeping operations.

16. According to the Secretary-General, the action plan for managerial and personal accountability in field missions also includes a review of letters of representation and the introduction of risk management practices into "pilot" areas (see A/68/697, para. 75).

C. Ethics and accountability

17. The report also provides information on the activities of the Ethics Office, which to date has focused primarily on individual integrity risks, including the financial disclosure programme, although it is increasingly consulted on institution-wide integrity risks that can arise in connection with major initiatives. Its ongoing efforts include an independent review of the existing policy on protection against retaliation and consultations on ways to enhance the reporting of observed misconduct by staff (see A/68/697, paras. 76 to 81). **The Advisory Committee reiterates its observations regarding the role of the Ethics Office in ensuring full compliance with the requirements of the financial disclosure programme and the importance of taking timely action to impose appropriate measures in all cases of non-compliance with the programme (see A/68/523, para. 32). The Committee intends to review the situation in its next report on the activities of the Ethics Office, within the context of its upcoming report on human resources management.**

D. Accountability in procurement

18. In his report, the Secretary-General provides information on recent initiatives taken to strengthen accountability in the procurement process, including the development of a revised matrix for the delegation of procurement authority for United Nations Headquarters; the introduction of a new matrix for the delegation of procurement authority for mission staff; the development of a revised Supplier Code of Conduct; the provision of online procurement training courses; the development of several key performance indicators to monitor sole source awards and ex post facto cases and to assess performance and adherence to envisaged timelines; and the implementation of additional key performance indicators subsequent to the full implementation of Umoja (see A/68/697, paras. 88-93).

E. Accountability for mismanagement and improper decisions

19. Regarding accountability for mismanagement and improper decisions, the Secretary-General states that, from 1 July 2012 to 30 June 2013, a total of 43 disciplinary measures were imposed. Of those cases, 12 (28 per cent) concerned fraud/misrepresentation and 11 (26 per cent) concerned theft/misappropriation (see A/68/697, para. 95).

F. Performance appraisal system

20. The Advisory Committee recalls that, in its previous report on accountability, in reviewing information on the 2011-2012 performance cycle, it stated that an appraisal system that rates only 1 per cent of staff as underperforming or requiring

improvement lacks credibility. The Committee also recalls that it considered the successful addressing of that fundamental weakness to be a prerequisite for putting in place a viable system of rewards and sanctions, and that such a system was essential to the creation of a culture of accountability and responsibility (see A/67/776, paras. 27 and 29). Upon enquiry as to performance for the 2012-2013 cycle, the Committee was informed that 87 per cent of staff had completed performance appraisals, of which 0.9 per cent had received the rating of "partially meets performance expectations" and 0.1 per cent had received the rating of "does not meet performance expectations".

21. **In the light of the continued low percentage of staff rated as underperforming or requiring improvement for the 2012-2013 performance cycle, the Advisory Committee reiterates its concerns regarding the credibility of the appraisal system and the need for a viable system of rewards and sanctions. The Committee notes that 13 per cent of staff have not completed performance appraisals for the 2012-2013 cycle and expects all staff to complete their performance appraisals within each performance cycle. Considering that the Office of Human Resources Management is currently undertaking a review of the performance management system, the Committee will await the results of that review and follow up on the issue in the context of its upcoming report on human resources management.**

22. In that regard, the Advisory Committee also recalls that the Board of Auditors, in its report on United Nations peacekeeping operations for the 12-month period from 1 July 2012 to 30 June 2013, noted a number of examples where the Performance Management and Development System was not being used as intended, including staff being awarded an incremental step increase in pay in 2012/13 when their appraisal in 2011/12 had not been completed. The Board recommended that the Administration: (a) continue to monitor and expedite the appraisal of staff in all missions; and (b) strengthen the linkage between performance in appraisals, accountability for delivery and reward and recognition (see A/68/5 (Vol. II), paras. 94-96). **The Committee concurs with the recommendation of the Board. In particular, the Committee is of the view that the link between performance in appraisals and rewards or sanctions should be strengthened for all United Nations staff.**

VI. Other issues

23. The Advisory Committee recalls that, in paragraph 7 of its resolution 64/259, entitled "Towards an accountability system in the United Nations Secretariat", the General Assembly stressed, as one of the essential components of accountability, the importance of compliance with the Charter of the United Nations, its resolutions and the regulations and rules.

24. In that regard, the Advisory Committee notes the respective roles and responsibility of the different organs of the Organization, as set out in the relevant rules. Most recently, in its resolution 68/246, the General Assembly reaffirmed that the Fifth Committee was the appropriate Main Committee of the General Assembly entrusted with responsibilities for administrative and budgetary matters. The Advisory Committee is a subsidiary organ of the General Assembly and its functions include examining and reporting on the budget submitted by the Secretary-General to the

General Assembly, and advising the General Assembly concerning any administrative and budgetary matters referred to it (see General Assembly resolution 14 (I)). The Standards of Conduct for the International Civil Service provide that international organizations are constituted by member States, and their secretariats have the responsibility for providing services to them. The main function of the secretariat is to assist legislative bodies in their work and to carry out their decisions, including providing factual information and technical advice or assistance (see A/56/30, annex II, paras. 23 and 24).

25. The Advisory Committee observes that the Secretary-General has recently utilized recommendations of the Committee that have not been endorsed by the General Assembly as justification for his proposals, such as in his report on the updated financial position of closed peacekeeping missions as at 30 June 2013 (see A/68/666, para. 20).

26. **Bearing in mind the relevant resolutions setting out the distinction between the legislative decision-making functions of the General Assembly and the advisory functions of the Advisory Committee, the Committee underscores that its recommendations that have not been endorsed by the Assembly should not be cited as justification for the proposals of the Secretary-General. In that regard, the Committee recalls that, in the context of cross-cutting issues related to peacekeeping operations, the General Assembly stressed that it has the sole authority to approve the implementation of recommendations of the Committee (see resolution 64/269, sect. I, para. 2). The Committee also stresses that it is important that the Secretariat abide by all relevant rules and regulations in the performance of its functions.**

VII. Conclusion

27. During the hearing of the Advisory Committee on the report of the Secretary-General, the representative of the Secretary-General requested that accountability reports be submitted on a biennial basis, rather than the current annual basis, to allow for more time to implement more complex initiatives and permit the progress reports to be more substantive in content. The Committee recalls that it previously recommended against a similar request (see A/67/776, para. 6), and the General Assembly agreed with the recommendation (see resolution 67/253, para. 11). **The Committee considers that, in the light of the important ongoing initiatives under the accountability system and expected upcoming developments, current annual reporting arrangements should be maintained.**